

**FISCAL NOTE**  
**SB 1244 - HB 1202**

February 19, 2007

**SUMMARY OF BILL:** Authorizes future increases to the maximum allowable limit with which contracts, entered into by the state with private contractors, require a good and solvent surety bond. Such future limit increases are to be based on future increases in the Consumer Price Index as published by the Bureau of Labor Statistics.

**ESTIMATED FISCAL IMPACT:**

**State Expenditures – Net Impact – Not Significant**

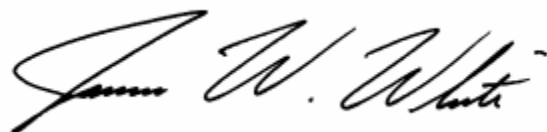
**Other Fiscal Impact – The state’s liability is expected to increase as the limit with which contractors are required to secure surety bonds is increased in the future.**

Assumptions:

- Currently, all contracts with a cost of \$100,000 or more require a good and solvent surety bond.
- Contractors are required to execute a surety bond equal to 25% of the contract amount.
- Contracts with a value exceeding the \$100,000 threshold are bid through the State Building Commission.
- According to Finance and Administration (F&A), this bill would increase the number of state contracts that would not be covered by a surety bond, resulting in increased liability for the state.
- According to F&A, departmental expenditures incurred as a result of notifying potential contractors of future adjusted limits is expected to be offset by lower contract prices.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White".

James W. White, Executive Director